

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 IO-14 ACDA-19 SAJ-01 AID-20 COME-00 EB-11

FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01

OMB-01 CEA-02 SCI-06 STR-08 DRC-01 /213 W

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R 101100Z JUL 74

FM USMISSION BERLIN

TO SECSTATE WASHDC 3628

INFO AMEMBASSY BELGRADE

AMEMBASSY BONN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

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AMEMBASSY SOFIA

AMEMBASSY WARSAW

USNATO 5935

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E.O. 11652: N/A

TAGS: PGOV, PINT, PFOR, EGEN, GE

SUBJ: SED CENTRAL COMMITTEE PLENUM

1. SUMMARY. TWICE POSTPONED TWELFTH PLENUM OF SED CENTRAL COMMITTEE, JULY 4 AND 5, WAS FAIRLY ROUTINE AFFAIR FEATURING TRADITIONAL POLITBURO REPORT BY HERMANN AXEN AND "CONCLUDING WORD" BY ERICH HONECKER. AXEN'S LARGELY STRAIGHTFORWARD RECITATION OF EVENTS SINCE ELEVENTH PLENUM (DECEMBER 1973) AND HONECKER'S LENGTHY GENERAL COMMENTARY CONSISTED PRIMARILY OF BLAND FORMULATIONS OF WELL-KNOWN AND SUSPECTED EAST GERMAN LIMITED OFFICIAL USE

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POSITIONS. GENERAL IMPRESSION GIVEN IS THAT SED CONTINUES TO

SATISFY PERCEIVED SECURITY NEEDS BY PUSHING INTEGRATION WITHIN SOCIALIST CAMP AND "ABGRENZUNG" FROM WEST. REASONABLY SATISFIED WITH PROGRESS OF APPARENTLY REVIVED GDR ECONOMY AND RECENT POLITICAL SUCCESSES, SED INTENDS USE APPROACHING 25TH ANNIVERSARY OF GDR AS OCCASION TO FURTHER ENHANCE INFLUENCE OF PARTY IN EAST GERMAN SOCIETY, EXPECTING THEREBY TO CONSOLIDATE ACHIEVEMENTS OF FIRST QUARTER CENTURY AND GET OFF TO GOOD START ON SECOND. END SUMMARY

2 PLENUM PROBABLY ORIGINALLY SET FOR EARLY JUNE WAS APPARENTLY TWICE POSTPONED BECAUSE OF SCHEDULING DIFFICULTIES OCCASIONED BY HONECKER VISIT TO MOSCOW, SOFIA CEMA MEETING AND NIXON/BREZHNEV SUMMIT. NO POLITBURO PERSONNEL CHANGES WERE MADE BUT LOWER LEVEL SHIFTS AFFECTED COMPOSITION OF CENTRAL PARTY CONTROL COMMISSION (CPCC).

3. FOREIGN POLICY SECTION OF PLENUM REPORT PREDICTABLY STRESSED CENTRAL IMPORTANCE OF GDR'S MULTIFOLD, CLOSE, AND "ENDURING" TIES WITH SOVIET UNION AND REST OF "SOCIALIST WORLD." THERE LIKEWISE NO LACK OF EMPHASIS ON MOUNTING CONTRADICTIONS AND CRISES IN "CAPITALIST CAMP". CUSTOMARY MENTION ALSO MADE OF VIETNAM, CHILE, AND NEAR EAST -- WITH TROOP WITHDRAWAL ARRANGEMENTS BEING PRAISED AS FIRST STEP TOWARDS PEACEFUL SETTLEMENT OF NEAR EAST SITUATION IN ACCORDANCE WITH UN RESOLUTIONS. PLENUM REPORT PROMINENTLY CHARACTERIZED PRESENT TREND TOWARDS DETENTE AS "DETERMINING ELEMENT OF INTERNATIONAL SITUATION," AND ASSERTED, WITH TONE OF FINALITY, THAT POSTWAR EUROPEAN SETTLEMENT HAD NOW AT LAST BEEN REACHED. NOT ONLY HAD EXISTING STATE BORDERS BEEN RECOGNIZED AND MUNICH AGREEMENT BEEN ANNULLED, BUT SITUATION IN "WESTBERLIN" HAD BECOME "ESSENTIALLY MORE HEALTHY." MOREOVER, ALL PROBLEMS THAT WOULD HAVE BEEN SUBJECT OF GERMAN PEACE TREATY HAD NOW "IN ESSENCE" BEEN RESOLVED. ECHOING SOVIET POSITION, PLENUM REPORT CALLED FOR RAPID CONCLUSION OF CSCE THROUGH THIRD-STAGE MEETING AT SUMMIT LEVEL. HONECKER EMPHASIZED IMPORTANCE FOR PEACE AND DETENTE OF RECENTLY -CONCLUDED MOSCOW SUMMIT AND OF DEEPENING US-SOVIET RELATIONSHIP. DUE ATTENTION WAS GIVEN IN BOTH REPORTS TO RECENT "STRENGTHENING" OF GDR IN INTERNATIONAL ARENA THROUGH ESTABLISHMENT OF DIPLOMATIC RELATIONS WITH FURTHER STATES -- FOR TOTAL NOW OF 109. NO LIMITED OFFICIAL USE

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MENTION WAS MADE OF RECENT STEPS TOWARDS ESTABLISHMENT OF DIPLOMATIC RELATIONS WITH US.

4. PLENUM REPORT DEVOTED SUBSTANTIAL SPACE TO DETAILING "IMPORTANT PROGRESS" MADE SINCE LAST PLENUM TOWARDS NORMALIZING RELATIONS WITH FRG. IT REITERATED INTEREST GDR HAD TAKEN IN CHANCELLOR SCHMIDT'S ANNOUNCED INTENTION TO CONTINUE FOREIGN POLICY COURSE OF HIS PREDECESSOR, AND STRESSED IMPORTANCE

OF FULFILLING LETTER AND SPIRIT OF FRG-GDR AGREEMENTS.
REPORT ALSO REPEATED GDR CRITICISM OF WEST GERMAN PLANS TO
ESTABLISH FEDERAL ENVIRONMENT AGENCY IN WEST BERLIN (BERLIN
1143).

5. BULK OF DOMESTIC POLITICAL COVERAGE IN PLENUM REPORT
CONSISTED OF PEDESTRIAN ACCOUNT OF MAY 19 COMMUNAL ELECTIONS
IN GDR AND OF 1973-74 SED PARTY ELECTIONS, WHICH WERE
CONCLUDED IN LATE FEB. PERHAPS MOST SIGNIFICANT ASPECT OF
THIS SECTION, HOWEVER, WAS STRESS ON NEED FOR FURTHER
IDEOLOGICAL TIGHTENING WITHIN SOCIALIST BLOC, WHICH WAS
ACKNOWLEDGED AS ONE OF DECISIONS OF RECENT CRIMES CONF OF BLOC
LEADERS. ACCOMPANYING THIS STRESS ON IDEOLOGICAL CONFORMITY
WAS CALL FOR FURTHER INTEGRATION IN SOCIAL AND CULTURAL
SPHERES WITHIN SOCIALIST COMMUNITY. NOT SURPRISINGLY, PLENUM
REPORT EMPHASIZED THAT IN IDEOLOGICAL MATTERS GDR WOULD
FAITHFULLY FOLLOW LEAD OF SOVIET UNION.

6. AXEN'S AND HONECKER ALSO DEALT EXTENSIVELY WITH WIDE
RANGE OF ECONOMIC QUESTIONS. NOT SURPRISINGLY, SOCIALISM
CREDITED WITH BEING SUPERIOR OF TWO COMPETING SYSTEMS, RAPID
ECONOMIC GROWTH OF CEMA AREA AND GDR BEING JUXTAPOSED TO SERIOUS
CRISIS AFFLICTING WEST. ECONOMIC ACHIEVEMENTS OF GDR IN ITS
FIRST QUARTER CENTURY, AND PARTICULARLY IN CURRENT FIVE-
YEAR-PLAN PERIOD HIGHLIGHTED, HONECKER MAKING CLEAR THAT
"MAGNANIMOUS SUPPORT" OF SOVIET UNION LARGELY RESPONSIBLE FOR
EAST GERMAN ECONOMIC STRENGTH AND HIGH STANDARD OF LIVING.
CONTINUED CLOSE TIES TO SOVIET UNION, CEMA ECONOMIC INTEGRATION
AND GDR'S OWN BEST EFFORTS SEEN AS GUARANTERS OF CONTINUED
ECONOMIC PROGRESS IN LIGHT OF "CAPITALISTIC CRISIS" WHICH
PROJECTED AS BEING OF LONG DURATION.

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7. AXEN'S ADMISSION OF DIFFICULTIES OF FIRST MONTHS OF 1974
BECAUSE OF DELAYS IN AND DISRUPTIONS OF DELIVERIES OF RAW
MATERIALS AND PARTS, EXACERBATED BY SHORTFALLS IN IMPORTS
FROM INDUSTRIAL WEST, WAS BALANCED BY STATEMENTS AND FIGURES
PORTRAYING AN ECONOMY MORE OR LESS ON TARGET DURING FIRST HALF
OF PLAN YEAR. INDEED, TAKEN TOGETHER WITH HONECKER STATEMENT THAT
MUCH REMAINS TO BE DONE THROUGH END OF 1975 "IF PRESENT RATE OF
GROWTH OF ECONOMIC POTENTIAL IN OUR REPUBLIC IS TO BE MAIN-
TAINED", CLEAR IMPLICATION IS THAT LATE 1973/EARLY 1974 SLOW-
DOWN IN ECONOMIC GROWTH HAS BEEN REVERSED AND THAT ECONOMY
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AGAIN ON SATISFACTORY GROWTH PATH. SINGLED OUT FOR CRITICISM
WERE FOLLOWING ASPECTS OF EAST GERMAN ECONOMIC PERFORMANCE:

A. PRODUCTIVITY. HONECKER EXPRESSED DISPLEASURE REGARDING
"ONLY" 99.7 PERCENT OF FULFILLMENT OF TARGET IN 1971-3 SINCE
INCREASED LABOR PRODUCTIVITY ORIGIN OF VIRTUALLY ALL GROWTH
IN GDR AND LOST PRODUCTION, ACCORDING HONECKER'S CALCULA-
TIONS, AMOUNTED TO ABOUT MARKS ONE BILLION.
HE INSISTED THAT SHORTFALL HAD TO BE MADE GOOD.

B. INVESTMENTS. BETTER PREPARATION OF PROJECTS NECESSARY
TO ENSURE GREATEST AND QUICKEST PAYOFF. LABOR AND CAPITAL
SHOULD NOT BE DISPERSED BUT RATHER CONCENTRATED ON SMALLER
NUMBER OF PROJECTS. CAPITAL EQUIPMENT SHOULD BE SOURCED
PRIMARILY FROM DOMESTIC OR CEMA PRODUCTION.

C. CONSUMER GOODS PRODUCTION. QUALITY AND STYLING REQUIRE
UPGRADING. SUPPLIES GREATER AND MORE VARIED THAN PREVIOUSLY

BUT THERE STILL GAPS IN RANGE OF ITEMS OFFERED. PRODUCTION TO BE FURTHER INCREASED.

D. IMBALANCES IN PRODUCTION AND SUPPLY OF RAW MATERIALS, INTERMEDIATE PRODUCTS AND FINISHED GOODS. ALTHOUGH SITUATION HAS IMPROVED SINCE BEGINNING OF YEAR, DIFFICULTIES PERSIST, IN PART BECAUSE OF DISTRIBUTION PROBLEMS. NO MENTION MADE OF SHORTFALLS OF SOVIET AND CEMA DELIVERIES.

E. EXPORTS. ANNUAL PLAN TARGET TO SOCIALIST COUNTRIES 50 PERCENT FULFILLED BY JUNE 30 BUT INCREASED EFFORTS NEEDED TO COMPLY WITH TERMS OF CONTRACTUAL PROVISIONS. CLEAR IMPLICATION IS THAT UNDERLYING RECORD SPOTTY. NO FIGURES PROVIDED FOR INDUSTRIAL WEST.

8. SOLUTIONS TO, OR AT LEAST AMELIORATION OF, MANY OF FOREGOING PROBLEMS SEEN BY BOTH HONECKER AND AXEN AS BEING WITHIN CONTROL OF GDR ITSELF. TIME AFTER TIME PARTY CADRES WERE ADMONISHED TO SPARE NO EFFORT TO USE MORE EFFECTIVELY AVAILABLE HUMAN AND MATERIAL RESOURCES. SUMMING UP THESE EXHORTATIONS, HONECKER STATED THAT QUALITY WORK IS ESTEEMED IN GDR AND THAT QUALITY SHOULD NO LESS BE HALLMARK OF PARTY'S ACTIVITIES. TO EXTENT PROBLEMS BEYOND CONTROL OF GDR, CONTINUED COOPERATION LIMITED OFFICIAL USE

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WITH SOVIET UNION AND CEMA ECONOMIC INTEGRATION ENVISAGED AS PROVIDING SOLUTIONS. HONECKER SPOKE OF NEED TO SPEED UP SOCIALIST ECONOMIC INTEGRATION IN ORDER TO EXPLOIT MORE FULLY POSSIBILITIES FOR "FLOURISHING" OF ALL CEMA COUNTRIES. HE REFERRED TO "NEW" FORMS OF COOPERATION" WHICH WILL PERMIT UTILIZATION OF COMBINED SCIENTIFIC-TECHNICAL AND ECONOMIC POTENTIAL IN JOINT PLANNING AND EXECUTION OF PRODUCTION IN ENTIRE INDUSTRIAL SECTORS. RECENT CEMA ANNIVERSARY MEETING IN SOFIA HAD TAKEN NECESSARY DECISIONS IN THIS REGARD, ACCORDING TO HONECKER, BUT HE PROVIDED NO DETAILS. KLEIN

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